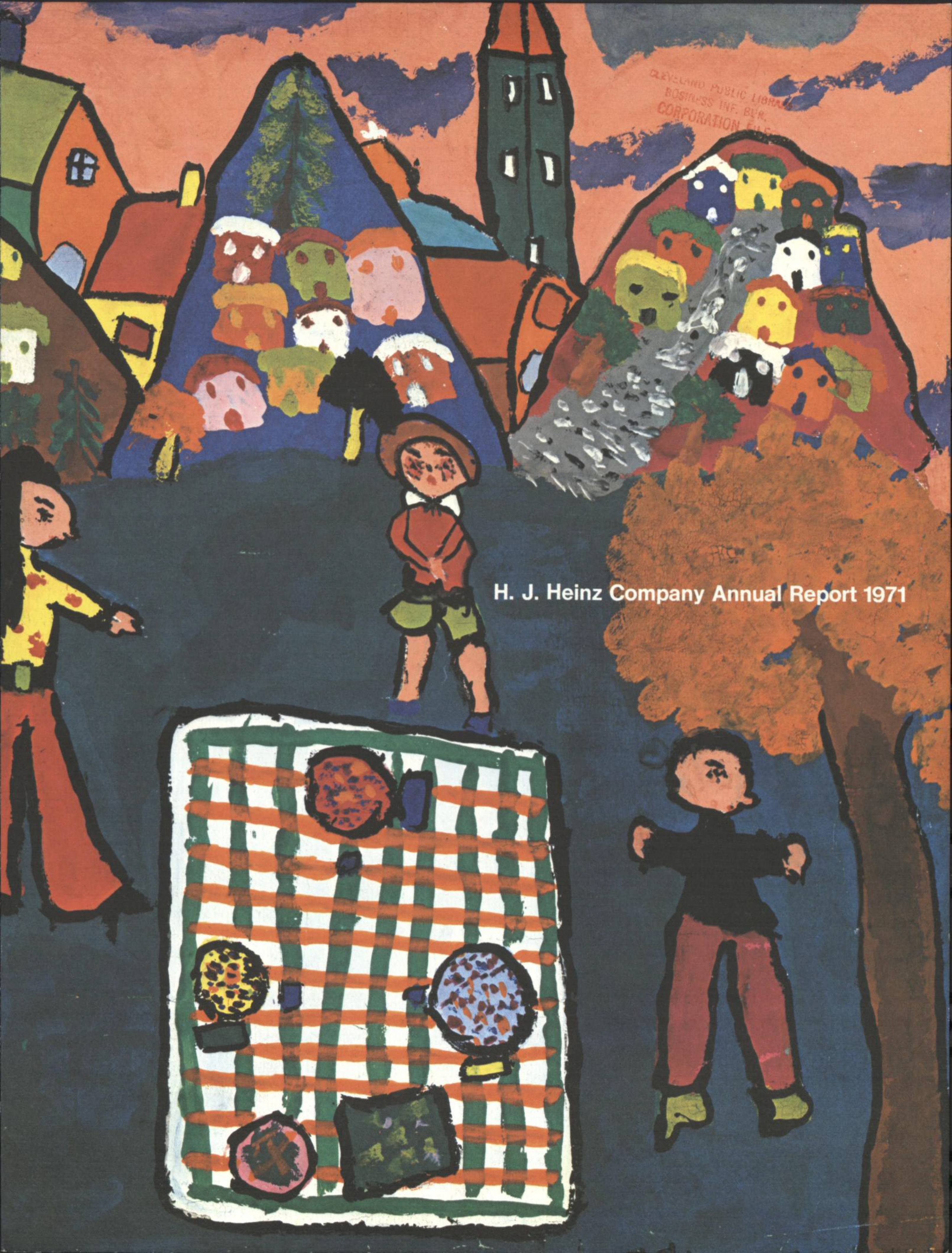
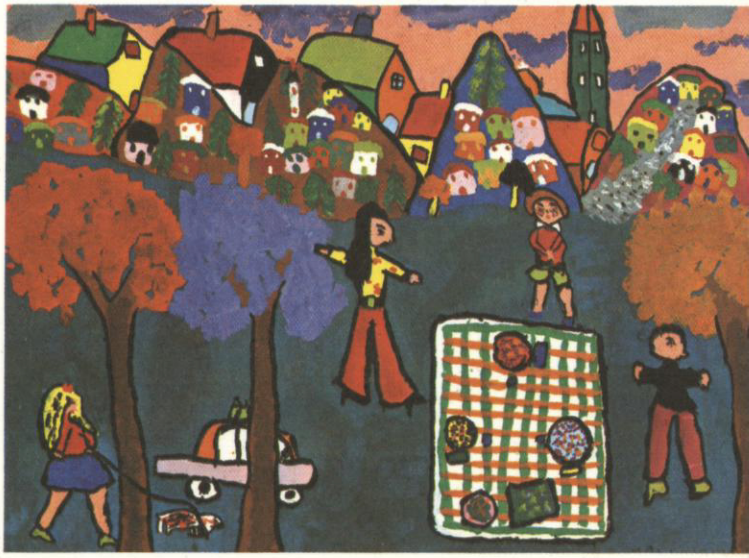
H. J. Heinz Company Annual Report 1971





The Cover: Herewith we reproduce part of a letter from a friend of Heinz, who last year dropped in at the Milan headquarters of our Plasmon subsidiary:

"Whenever I visit a corporate office, I expect to find some display of the company's products—cans of food, plumbing fixtures, household appliances, whatever it is that earns the company's bread.

"So what did I find in Italy? One of the most charming art exhibitions I've ever seen. I wondered what in the world you were up to. Strange as it was, I must say I admired you for it."

Not so strange, we told our friend. Heinz has long enjoyed a reputation for constructive participation in the life of the countries in which it operates. The Milan exhibition grew out of a nationwide "Silver Paint Brush" competition sponsored by Plasmon. Conducted by the Maser National Psychographic Center, and endorsed by the Italian government, the competition drew entries from some 80,000 children. Its theme: "On Excursion With Plasmon Biscuits."

The drawing on our cover was the entry of Alice Greggio, a 13-year-old student at the State Middle School in Pavia.

(A limited number of copies, suitable for framing, are available. Address Director of Corporate Public Relations, H. J. Heinz Company, P. O. Box 57, Pittsburgh, Pennsylvania 15230.)

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Annual Meeting

The annual meeting of company shareholders will be held at 2 p.m. on Wednesday, September 8, 1971, at World Headquarters in Pittsburgh. Formal notice of the meeting and proxy materials will be sent to shareholders about August 7, 1971.

H. J. Heinz Company
P. O. Box 57
Pittsburgh, Pennsylvania 15230
Area Code 412—231-5700

Highlights of the Year

	1971	1970	% Change
Net Sales	**$989,734,637**	$881,171,129	+12.3
Net Income	**37,668,059**	32,570,838	+15.6
As a percent of Sales	**3.8%**	3.7%	
Per Share of Common Stock			
Net Income	**$ 2.53**	$ 2.41	+ 5.0
Dividends	**.98**	.88	+11.4
Book Value (1)	**24.27**	22.80	+ 6.4
Additions to Plant and Equipment	**$ 30,994,605**	$ 41,910,175	−26.0
Depreciation	**19,033,256**	17,466,780	+ 9.0
Net Plant and Equipment	**243,873,579**	236,408,072	+ 3.2
Working Capital	**241,252,554**	230,032,400	+ 4.9
Shareholders' Equity	**$369,534,157**	$343,569,722	+ 7.6
Number of Common Shareholders	**11,133**	11,047	
Average number of Common Shares Outstanding	**14,777,214**	13,252,859	+11.5

(1) After deducting $100 a share for second cumulative preferred stock, representing the involuntary liquidation price.

Headlines

In fiscal 1971, H. J. Heinz Company

- reached new highs for the eighth consecutive year in dollar sales, earnings, and volume of products sold.
- approached a new high for the price of its stock, which achieved its highest price/earnings ratio since 1964.
- intensified its profit improvement programs, with favorable results.
- maintained or increased market shares for most of its established products.
- spread the benefits of its agricultural research to new areas of the world.
- moved to secure footholds in the fast food field in Australia and Britain.
- took measures to assure sources of supply under stable purchasing conditions.
- opened its seventh national distribution center to serve the U. S. market.
- expanded its public service activities in such areas as nutrition and environmental improvement.

To Our Shareholders:

Fiscal 1971 was the eighth consecutive year in which your company achieved new highs in consolidated dollar sales, volume of products sold, and earnings. The results are particularly gratifying in view of certain major problems over which we could have little or no control. These included a world-wide inflationary trend, a prolonged strike at our Canadian company, and poor harvests in Australia, Mexico and Portugal.

Another record year despite these difficulties was made possible by selective price adjustments and the cumulative effect of profit improvement programs undertaken by Heinz companies throughout the world. Measures taken in operating areas such as administration, warehousing, distribution and marketing not only improved margins but also freed additional funds for expanded promotion of major product lines to improve their market position and for new product development.

As reported in the financial highlights on the preceding page, world-wide earnings rose 15.6 percent and earnings per common share rose 5.0 percent. Per common share earnings for 1971 are based on an average of 14,777,214 shares outstanding during the year, compared with an average of 13,252,859 shares outstanding during fiscal 1970.

Since 1964, when the company was redirected towards greater growth and profitability, sales have risen 102.7 percent, earnings 158.9 percent, and earnings per common share 109.1 percent (adjusted for the two-for-one stock split in February, 1969). The investment community has given increased recognition to this growth record, which has been consistently better than that of most other food companies of comparable size. At year end, the price of our stock was near its all-time high and the price/earnings ratio was the highest for Heinz stock since calendar 1964.

We believe our ability to record continued progress in a difficult year proves the soundness of our long-range planning, which has stressed development of strong multinational managers, profit improvement programs, increased efficiency on a world-wide basis, and a sharpening of our marketing skills to obtain greater shares of both established and new markets.

Results for 1971 also reflect the advantages of our multinational structure, as sales of reciped convenience foods continue to increase throughout the world. To serve our expanding markets better, we have accelerated the pace of technical progress in the growing, harvesting and processing aspects of our operations. In the United States, for example, mechanical harvesting was once limited to our California tomato crop; now we have extended this method to other crops and to other growing areas, such as Australia, where field tests on tomatoes are under way. Bulk handling techniques for harvested crops have been expanded in the United States, Australia and Britain and introduced into Portugal. In the United Kingdom, the past year saw the introduction of automated continuous soup-making and aseptic canning lines for milk-based products.

Many developments of this type result from intensified research programs and increased exchange of technical information among Heinz companies. Adaptation of centrally coordinated technical advances to local conditions has enabled many Heinz companies to take the lead in modernizing the food industry in their respective countries. In addition, the economies made possible by advanced methods give Heinz companies a major weapon against rising costs.

Our multinational strength also gives us the resources to make necessary investments in new markets where profitability must be built over the longer term. In Japan, significant operating improvements were achieved during the year. In Mexico, poor pineapple crops contributed to unsatisfactory earnings, as did continued inflation and business uncertainties resulting from a change to a new government. We have important market positions in our major Mexican product lines, and future general market growth appears to be promising. The general business climate in Mexico, however, along with governmental control activities, has slowed our progress toward viable profit objectives.

We have established a new sales company in Argentina to market baby foods produced in Venezuela, as well as Heinz pineapple produced in Mexico. Another development that we believe will be important for our future growth was the opening of our first sales office in Germany, at Düsseldorf.

Our institutional foodservice business in the United States has long been a major contributor to domestic sales and earnings. Now that consumption of food outside the home is increasing all over the world, institutional markets of major importance have developed in other countries, notably the United Kingdom, Australia and Japan. In addition, we are moving into the fast food field in Australia, where we have opened the first unit of a chain of "take away" restaurants, and in the United Kingdom our company is well advanced in plans to open its first fast food restaurant.

Although we emphasized internal growth and increased profitability of existing operations during the year, we continued to seek out profitable acquisitions that would fit in well with

our objectives and marketing skills. In fiscal 1971, for example, the Australian company reached an agreement in principle to acquire the Stanley Wine Company, a highly-skilled producer of table wines. Other acquisitions were under careful study by several Heinz companies at year end.

New product development programs were expanded during the year as part of our continued effort to serve our markets with improved quality, variety and convenience.

Your management's basic responsibility to its shareholders, and to the world-wide community in which we operate, is to become increasingly successful and profitable. This means far more than an increase in the value of your investment—it also enables us to offer more and better job opportunities to men and women at all levels of skill and education.

You will note a new element in this year's Report, with certain activities in each geographical area described under the heading, "Public Service." This does not necessarily indicate a series of new programs. Rather, it singles out for special mention some activities that have been typical of the company throughout the 102 years of its existence.

We fully support the concept that corporations, by their nature, are effective instruments for improvement of the quality of life in any free society, and that they should therefore accept legitimate and realistic responsibility for the consequences of their activities both within and outside their operational spheres.

That philosophy has guided H. J. Heinz Company almost from the day of its founding. Historically, we took a leadership role in the fight for passage of the 1906 pure food laws. We have worked for better employee relations and enlightened practices in regard to hiring and advancement. We have supported the study of nutrition and nutritional education. Several Heinz publications are internationally recognized as authoritative reference works for teachers and students of medicine, nutrition, nursing, home economics and dietetics.

Fortunately, Heinz management—like that in most of the food industry—has generally found that its operations are compatible with, and indeed necessary to, the requirements of society. We have found that our primary business, the feeding of people, is increasingly recognized as indispensable in a world that is becoming more and more urbanized. And we have found that a reasoned regard for our social obligations helps to create, in the long run, an environment in which we can best achieve our goals for growth and profitability.

There is evidence that public demand for corporate social responsibility will continue to mount, particularly among the young, who will form our next generation of customers, employees and shareholders. We intend to apply unremitting diligence in the search to identify those problems which require our further effort, either as an individual company or in cooperation with others.

Since social problems differ greatly around the world, each Heinz company is encouraged to contribute according to its resources and local needs. These efforts in fiscal 1971 ranged all the way from a nursing scholarship (sponsored by the Australian company) to raise the level of health in New Guinea to art contests for young people in Italy, from creating greater employment opportunities in Venezuelan villages to providing technical and financial assistance to farmers in economically depressed areas of Mexico. Heinz technicians in Turkey have helped make tomato puree a significant agricultural export, as they had already done in Portugal.

In the United States, we have continued our efforts to expand opportunities for the disadvantaged. We have further advanced long-term programs for combating pollution and protecting the environment to preserve the reputation Heinz has long enjoyed in this respect. For example, our North American subsidiaries, Heinz U.S.A., Ore-Ida and Star-Kist, have extensive antipollution programs. By 1976 Ore-Ida will have spent more than $3 million on environmental control projects, while Star-Kist is now completing a major study on water pollution control soon to be implemented in cooperation with the City of Los Angeles. Heinz U.S.A. is lending engineering counsel on pollution control to plant town municipal governments which are enacting legislation on the subject.

Against this background, we recognize that we will need to maintain and expand our efforts toward greater social responsibility on one hand, and toward continuing growth and profitability on the other. We expect fiscal 1972 to be another year of progress for H. J. Heinz Company on both counts. Reaching our goals will depend, of course, upon the outstanding work of our employees and the confidence of our shareholders, which we have enjoyed in the past and for which we have always been grateful.

Henry J. Heinz II

Chairman

R. Burt Gookin

President and Chief Executive Officer

Henry J. Heinz II and R. Burt Gookin report the eighth consecutive year of record highs for Heinz.

Financial Review

Sales

Two years ago, Heinz reached a significant milestone on the occasion of its 100th anniversary. Now we are approaching another milestone. It seems obvious that fiscal 1972 will see us reach our $1 billion annual sales goal—on which we set our sights in 1966—a full year ahead of schedule. We came within the shadow of that mark this year when consolidated sales reached a record $989,735,000, 12.3 percent higher than the previous year and 59.6 percent higher than consolidated sales five years ago. Over the past 10 years, sales have grown more than two and a half times.

Earnings

For the eighth consecutive year, consolidated net earnings reached new historic highs. Income rose 15.6 percent, equivalent to $2.53 a common share after provision for preferred dividends, based on an average of 14,777,214 shares outstanding during the fiscal year. This compares with earnings of $2.41 a share on an average of 13,252,859 shares outstanding during the previous fiscal year. A 10-year view of annual net income shows a rise of 176.7 percent during the period, beginning with what was a record $14,166,000 for fiscal 1962 and culminating in a new record of $37,668,000 for fiscal 1971.

Income as a percentage of sales continued to gain, increasing from 3.7 percent to 3.8 percent.

Domestic Earnings/Sales Gains

The percentage contribution of domestic operations to earnings continued to rise at an encouraging rate, and stood at 55.6 percent of the consolidated total, up from 53.3 percent last year and marking the third consecutive year in which domestic earnings have surpassed those from all foreign operations. This compares with a contribution of only 16.5 percent as recently as seven years ago. It signifies an effective over-all effort in terms of sales, marketing and profit improvement programs, and it is particularly gratifying when viewed as a rising share of a rising total, since foreign operations showed generally good results. The domestic market will remain the object of major attention, since it continues to be the most promising arena for further growth for the food industry, as it is for other industries.

Record Fourth Quarter

The year ended with a sustained upsurge as fourth fiscal quarter sales and earnings surpassed those for any other quarter in the company's history. Fourth fiscal quarter results in 1970—which also set a record—were $254,242,000 in sales and $12,685,000 in earnings for an average of $.90 a share.

Fiscal 1971 quarterly sales and earnings were as shown below.

Dividends

The quarterly dividend on the company's common shares was raised on September 9, 1970, from 23 to 25 cents a share, marking the sixth common stock dividend increase during a 41-month period.

The Board of Directors periodically reviews the dividend policy, taking action when earnings performance and other relevant factors point to a larger payout to company shareholders.

There has been a 63.3 percent increase in common stock dividends during the past four years. The $.98 a share paid during the fiscal year on common stock compares with $.88 paid in 1970, and an adjusted $.79½ in 1969 and $.67½ in 1968.

Capital Expenditures

The company spent $30,995,000 for property, plant and equipment during fiscal 1971, compared with $41,910,000 in the previous year. Expenditures for physical facilities during the past five years amounted to $164,843,000. These investments, along with the company's multinational status, enable us to operate at maximum efficiency and permit us to respond quickly to changing trends in the world food industry, where consumer tastes vary greatly from time to time and from place to place.

Specific projects are described in the narrative sections of this Report.

Other Financial Results

Working capital increased to $241.3 million, compared with $230.0 million in fiscal 1970. The ratio of current assets to current liabilities stood at 2.0 at year end, compared with 2.3 at fiscal 1970 year end.

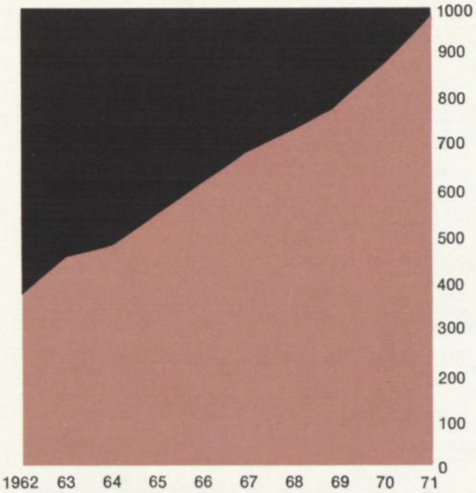
Total shareholders' equity amounted to $369.5 million, up 7.6 percent from $343.6 million in fiscal 1970. Of this total, companies in the U.S. and its possessions accounted for $207.6 million. Total assets rose to $753,974,000 from $669,542,000 last year.

Cash flow amounted to $56,387,000, or $3.82 a share, in fiscal 1971. This compares with cash flow of $49,403,000, or $3.73 a share, in fiscal 1970.

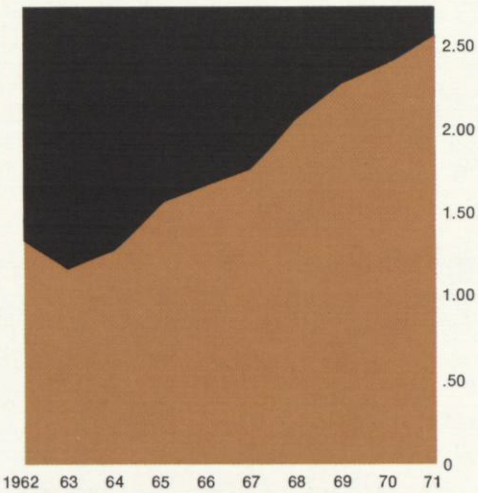
Depreciation was $19,033,000, compared with $17,467,000 last year.

Financial Results by Quarter

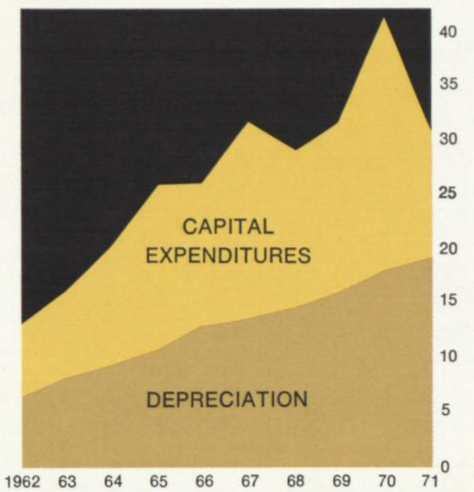
	Net Sales	Net Income	Per Common Share
First quarter	$208,406,907	$ 7,038,678	$ .48
Second quarter	276,775,076	10,464,585	.71
Third quarter	215,553,484	5,587,837	.37
Fourth quarter	288,999,170	14,576,959	.97



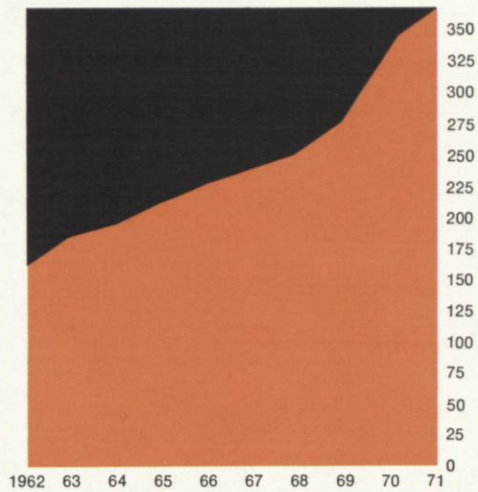
Growth of sales
MILLIONS OF DOLLARS



Earnings per common share



Capital investment in plant and property
MILLIONS OF DOLLARS



Growth of shareholders' equity
MILLIONS OF DOLLARS

Comparison of Foreign and Domestic Sales and Earnings (In Thousands of Dollars)

	1971	1970	1969	1968	1967
Net Sales	**$989,735**	$881,171	$790,146	$734,365	$690,863
Foreign	**432,985**	392,412	347,155	345,781	333,440
% of Total ...	**43.7**	44.5	43.9	47.1	48.3
Domestic	**556,750**	488,759	442,991	388,584	357,423
% of Total ...	**56.3**	55.5	56.1	52.9	51.7
Net income	**37,668**	32,571	28,417(1)	25,274(1)	21,530
Foreign	**16,726**	15,196	14,152	14,468	13,545
% of Total ...	**44.4**	46.7	49.8	57.2	62.9
Domestic	**20,942**	17,375	14,265	10,806	7,985
% of Total ...	**55.6**	53.3	50.2	42.8	37.1

(1) Before extraordinary items

North America

- Heinz U.S.A.
- H. J. Heinz Company of Canada Ltd.
- Star-Kist Foods, Inc.
- Ore-Ida Foods, Inc.

Marketing

A significant development for the future of Heinz U.S.A. was a sweeping reorganization carried out under the direction of J. Richard Grieb, who was elected president of the division in June, 1970. Part of the program involved the regrouping of the marketing-sales organization into two units, with one responsible for grocery marketing and sales and the other for institutional marketing and sales. Both groups are fully supported by experts in areas such as marketing research, home economics and new product development. This enables Heinz U.S.A. to direct its resources more effectively towards reaching its goals in two distinct markets.

Heinz U.S.A. again increased its volume of sales. Two products, ketchup and baby foods, showed particularly strong gains and attained modern highs in their respective market shares. Aided by national introduction of the new 32-ounce "Keg O'Ketchup," ketchup sales rose nine percent. Baby food sales were up 10 percent and can be expected to grow as family formations increase among a predominantly young population.

The entire mustard line was repackaged and relabeled in a way that will associate it in the consumer's mind with the strong Heinz ketchup group. For example, a new bottle developed for mustard resembles the popular wide-mouth ketchup bottle. Two new mustard varieties were introduced during the year, one mild and one with a tangy horseradish flavor.

In fiscal 1971 we completed the retail distribution of Great American Soups on a national basis. Backed by strong promotion, including a television commercial that won attention in the national press, sales of this quality, ready-to-serve soup line showed satisfactory progress.

Sales to the institutional foodservice (IFS) market continued to grow faster than the total market itself. New IFS products introduced during the year included seven varieties of puddings and desserts in easy-to-open individual service packages, four new institutional-size pudding varieties, and additions to the single-service condiment line.

The price of many raw materials used in quantity by Heinz U.S.A., notably meat, granulated sugar, glass, and tinplate, rose sharply during the year. To protect the profitability of increased sales volume against such cost pressures, Heinz U.S.A. undertook comprehensive profit improvement programs. An in-depth value analysis program was formulated to study where and how costs can be reduced at all stages of production without lowering product quality, and a profit improvement program was introduced to evaluate supplier performance.

As a result of three-year labor contracts signed in March, chances are excellent for uninterrupted production at seven Heinz factory locations in the United States. The contracts provide wage and benefit improvements for hourly production workers.

Consumer reaction to publicity on the mercury content of tuna caused a temporary drop in consumption during fiscal 1971, although the Food and Drug Administration found that only 3.6 percent of all tuna tested nationally con-

Our work begins on field and farm. We made further progress toward assured sources of supply through advanced agricultural practice.

What matters, in the end, is the consumer's acceptance of the product. Technicians in Heinz U.S.A.'s organoleptic laboratory test for appeal to palate, eye and nose.

tained mercury in excess of its guidelines. Star-Kist Foods developed its own testing methods to safeguard product.

By the end of the year, tuna consumption was returning to earlier levels and Star-Kist showed good results for both tuna and pet food sales. The company expanded distribution of solid white tuna products in the United States. Star-Kist tuna continued to be strongly promoted via network and spot television, as well as in the print media.

The total pet food market, well past the $1 billion mark, is expected to double by 1975. Within this market, cat food is the fastest-growing sector, accounting for about one-third of all pet food sales. Star-Kist's popular "9-Lives" brand continued to do well, and its position was strengthened with the addition of Mackerel and Seafood Platter varieties, bringing the total to 12.

During fiscal 1971 the Ore-Ida Foods subsidiary introduced "Deep Fries," a new frozen French fry product that requires only oven heating to bring out deep-fried flavor and crispness. On the basis of test marketing, distribution of "Deep Fries" will be expanded into areas with more than 40 percent of U.S. population.

Sales of other products in the Ore-Ida line were spurred by complete repackaging for greater visual appeal. Consumer response has been highly favorable. The "Deep Fries" package won a grand award in the 28th National Food Carton Competition.

H. J. Heinz Company of Canada Ltd. reported good progress for most product groups despite a six-week strike early in the year at the Leamington, Ontario plant. Ketchup's share of market reached a new high, but the company's substantial baby food sales showed little increase in the face of a continuing low birth rate. During fiscal 1971, 23 new products were introduced, including 11 baby foods and six pickle varieties.

Facilities

The expansion-modernization program inaugurated by Heinz U.S.A. several years ago continued to move ahead. At Tracy, California, capacity of the tomato puree storage tank system was increased by one million gallons in time for full use throughout the 1970 season. Pickle handling capacity went up by 280,000 bushels annually as a result of new processing facilities installed at the Fremont, Ohio plant and the doubling of cooling and handling facilities at Cleveland, Mississippi.

In view of the success of the 32-ounce "Keg O'Ketchup" introduced during the year, two new filling lines were set up for this product, one at Fremont and the other at the Salem, New Jersey plant.

The seventh of 11 planned national distribution centers was opened at Bridgeview, Illinois, a Chicago suburb, to provide faster service to customers in Chicago and elsewhere in the Midwest. The eighth center, at Iowa City, Iowa, will open in the fall of 1971. The entire network should be in operation soon, making it possible to fill and deliver customers' orders virtually anywhere in the country within 48 hours.

The fish protein concentrate plant at Aberdeen, Washington, built by Ocean Harvesters, Inc. (jointly owned by Star-Kist and SWECO, Inc.), has begun preliminary operations. This pilot-demonstration plant, operated under contract from the Bureau of Commercial Fisheries of the U.S. Department of the Interior, will produce low-cost fish flour expected to be useful in the correction of protein deficiencies.

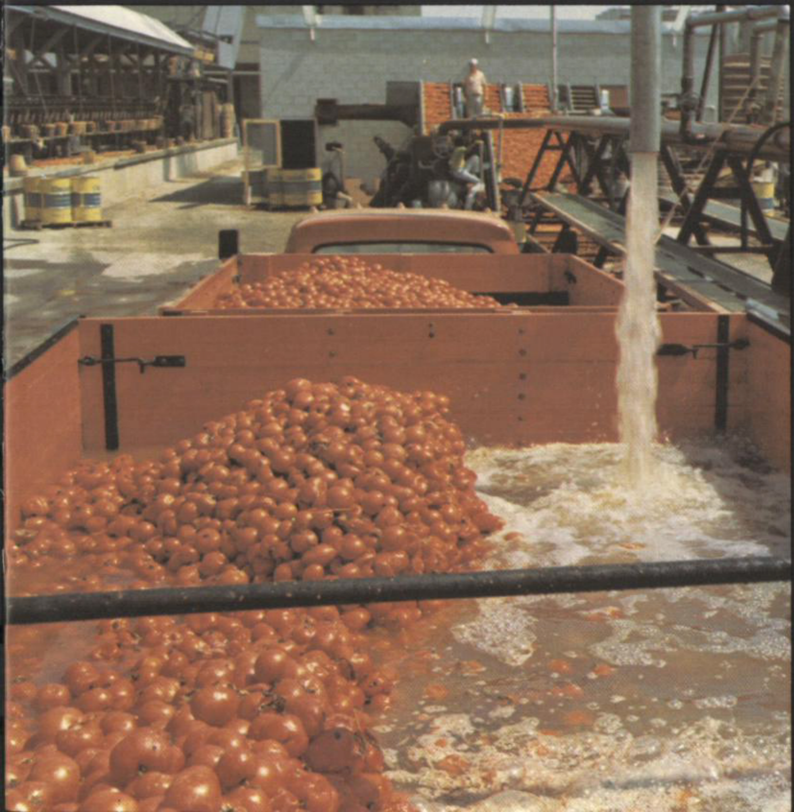
The year's major development at Ore-Ida was completion of the second phase of the $6 million renovation program initiated in 1969 after fire destroyed a substantial part of the Ontario, Oregon plant. This second phase included renovation of production and quality control facilities. Other capital improvements at Ore-Ida last year involved projects such as processing facilities and a modernized boiler system at Burley, Idaho.

In Canada, new experimental kitchens and research laboratories were installed to provide better facilities for recipe improvement and new product development.

Home economists in Pittsburgh duplicate the housewife's experience under controlled conditions to make sure our recipes are kitchen-workable.

The Canadian company announced successful testing of a tomato bulk handling system that will reduce labor costs and waste.

Senator Warren G. Magnuson spoke at the dedication of the country's first large-scale pilot plant for the production of fish protein concentrate, aimed at world-wide alleviation of malnutrition. Star-Kist is joint owner of the Aberdeen, Washington facility.



Agriculture

Developments in agriculture underscored efforts of the North American group to become increasingly independent of commodity cycles through greater reliance on modern growing, harvesting, handling and storage techniques. Heinz U.S.A.'s mechanically-harvested cucumber acreage doubled compared with the previous year and should double again in the current fiscal year. Harvesting of the California tomato crop is already entirely mechanized, and mechanical harvesting is increasing rapidly in other areas of the country. During the coming year there should be a 100 percent increase in machine harvesting of tomato crops in the East and Midwest.

The factories at Fremont and Bowling Green, Ohio were completely converted to bulk handling of tomatoes, with receiving tanks, elevators, flumes and water flows all adapted to this method, which reduces labor costs and waste.

Heinz of Canada, which had access to the best tomato harvest in five years, successfully tested a new bulk handling system that will be able to handle approximately 60 percent of this year's tomato crop.

Public Service

Activity relating to ecological problems increased during the year. The determination of H. J. Heinz Company to be an industry leader in identifying and correcting pollution problems led to establishment of a new Environmental Control Department, which will serve Heinz U.S.A. The new department, staffed by experts in the ecological and sanitary engineering fields, will maintain present control measures for maximum efficiency and will undertake new measures to solve any problems that may arise in the future.

New antipollution programs were initiated in two cities. In Pittsburgh, boilers at one facility were converted to use of low sulphur coal to reduce air pollution, while boiler conversion to gas or oil is under way at two other facilities. In Holland, Michigan, the Heinz plant, in cooperation with city officials, is working out a program to treat waste water and avoid pollution of local lakes and streams.

As mentioned in the shareholders' letter, Star-Kist is completing a major study of water pollution control, which will be given to the City of Los Angeles to assist in designing a treatment plant for use by all industries located on Terminal Island. This plant is expected to be in operation by 1973. Star-Kist is also active in the fight against air pollution—its new fish reduction plant on Terminal Island will have control units installed at a cost of $150,000.

Ore-Ida has been making major capital expenditures for waste treatment for the past 10 years. A project now under way at the Burley, Idaho plant involves an additional expenditure of $435,000 for a secondary waste treatment system, to augment existing systems that have been highly successful in reducing BOD (biochemical oxygen demand) in waste waters. The company carefully complies with environmental laws in the states in which it operates.

Heinz of Canada has been actively concerned with pollution control for more than 60 years. An early company effort in this area was a screening system to remove solids from waste water. Long before pollution became a national issue, the company joined with the Town of Leamington to build a pollution control center. More recent efforts are, of course, more sophisticated. We are now building a waste water purification plant that more than meets the quality standards established by the Ontario Water Resources Commission.

How to catch the eye of the consumer rushing past with her shopping cart? Ore-Ida completely repackaged its line for greater visual appeal.

Potatoes harvested in the Northwest will find their way to greatly improved Ore-Ida facilities in Oregon and Idaho, designed not only for more efficient processing but for better compliance with environmental laws.

Nostalgia is enjoying a popular boom, with books, films and musicals devoted to the cause of memory. Ann Miller starred in a prize-winning Great American Soups television commercial that recaptures the song-and-dance spirit of another generation.


Hearty Full Bodied Recipe
Great American Soups
CHICKEN GUMBO

Latin America and Pacific

- H. J. Heinz Company Australia Ltd.
- Alimentos Heinz C.A. (Venezuela)
- Heinz Alimentos S.A. de C.V. (Mexico)
- Nichiro Heinz Company Ltd. (Japan)

Marketing

Fiscal 1971 highlights were extension of product lines in Latin America, increased sales volume for the Japanese company, and good sales gains and a major new venture in Australia.

The Australian company either maintained or increased its share of market for major product groups, except for canned salads. Even here sales rose by 12 percent and market share remained approximately 90 percent.

Our share of the baby food market, under highly competitive conditions, remained above 80 percent, thanks partly to the popular "Heinz Baby Club," which offers a free accident insurance plan, special mailings, and advice to mothers on use of baby foods.

During the year the market share for baked beans rose to 50 percent for the first time, as Heinz-Australia launched a major campaign to stimulate this market, whose growth has been below that of the population.

The Pre-Schooler Food line, which remained a Heinz exclusive, was reformulated and repackaged for wider appeal as a line for all growing children, instead of only pre-schoolers. An upturn in sales under this new marketing concept suggests future steady growth.

Product line extensions included seven more varieties of strained and junior foods, two of beans, three of spaghetti and three of soups.

New product development also was strong during the year. To regain volume lost by "Happy Ade" as a result of last year's cyclamate controversy, a new soft drink mix called "Frooty" was introduced into test markets and will soon be distributed in four Australian states. Other new products included 10 "Toast Topper" varieties, six "Ready Meals," and "American Bean Salad."

Observe the Japanese. First they take to baseball with national fervor. Then they adopt another American passion: Heinz soups, now served hot in Tokyo's Korakuen Stadium.

The catering (institutional foodservice) market showed dramatic growth as rising incomes enabled more Australians to eat meals away from home. Sales rose 40 percent during the year and another good gain is expected in fiscal 1972. For this growing market we introduced two new soups, two new mayonnaise varieties, and new varieties of tomato sauce, whole peeled tomatoes and apple juice.

The Australian company took a major step into a new and promising area by entering the "take away" retail food market. The first "Clancy's" fast food restaurant, featuring Australian Gold Rush decor and traditional Australian foods updated for modern tastes, opened in the suburbs of Melbourne at year end. The name derives from "Clancy of the Overflow," a popular poem about Australia's past, and was chosen because of Australians' growing interest in their nation's history.

Continuing emphasis on "venture management" is evident in the fact that the company's New Product Marketing Division is now investigating four entirely new markets, with a sales potential of more than $50 million.

In Venezuela, sales of baby foods grew through a new program that provides useful information to pediatricians. Under the direction of Dr. Gabriel Barrera Moncada, a noted pediatrician, the program includes Heinz sponsorship of lectures and scholarships for specialists in this field.

Venezuelan ketchup sales rose sufficiently to give Heinz a 50 percent share of the total market. Research on new salad varieties will soon permit

The Mexican company, sensing a growing market for fruit nectars, plunged in with a broad sampling program that uses in-store demonstrations.

extension of this product group. Eight new jam flavors were marketed, and a new mustard, specially developed for Venezuelan tastes, was introduced in two sizes.

Reorganization of the marketing and sales structure of Nichiro Heinz increased sales volume in Japan by 23 percent, for a new high. Significant gains were made by single ready-to-serve soups, up 25 percent; spaghetti meat sauce for the IFS market, up 118 percent, and for the grocery market, up 39 percent; and condensed soup

for the grocery market, up 73 percent. The Japanese company was active in extension of product lines and new product development. New soup varieties were available to both the IFS and grocery markets, while Demi Glacé Sauce for institutional use was marketed for the first time.

Agriculture

A year of excessive rainfall, which damaged many crops, dramatically illustrated the advantages of advanced tomato growing and harvesting technologies applied by the Australian company. Use of company-developed strains that withstand wet conditions far better than earlier soft varieties prevented heavy losses in acreage planted for Heinz. At the same time, bulk handling of the tomato harvest kept damage to the point where tomato receipts were 85 percent of expected volume, a much better supply than that received by competing companies.

The good performance of a mobile tomato harvester imported by the Australian company for test purposes has led to the promise of improved crop management. This machine is an excellent demonstration of how our experimental work with agricultural machinery manufacturers and with growers is being applied to advantage throughout the world.

In Venezuela, efforts to improve the quality of crops through advanced agricultural methods continued to provide better supplies for the Heinz company and higher cash return for the growers. During the year, tomato cultivation was extended to new areas, a program to control a virus that threatened the tomato crop proved successful, and experiments were continued in an effort to produce better crop yields. In cooperation with the Ministry of Agriculture, blackberry cultivation was introduced on a commercial scale for the first time.

Agricultural developments in Mexico included importation from California of mechanical harvesters for the green pea crop, and an increase in the per-acre yield of the tomato crop to an average of 20 tons, compared with average yields of only eight tons five years ago.

Public Service

In Australia, Heinz supported programs that are expected to have major significance for the field of nutrition. A close liaison was established with the National Health and Medical Research Council to provide a two-way exchange of information that will benefit the Australian population in general.

In an effort to establish positive protein values, the company is underwriting a program of protein evaluation using microbiological methods. The study, under the direction of Dr. Wei Han Kwee, senior chemist of the Heinz Research and Development Laboratory at Dandenong, could result in rapid evaluation of various proteins, which would be a major advance.

In 1971 H. J. Heinz Nursing Scholarships included a $5,000 Overseas Study Tour awarded by the Royal Australian Nursing Federation on behalf of the company, and three residential scholarships at nursing colleges in Australia. The overseas study award this year went to Miss Alison Gough, senior health matron for New Guinea, who is responsible for community health among some of the area's most primitive tribes. Miss Gough will use her award for study of community health in similar cultures in various parts of the world.

Other scholarships went to two young men for the study of food technology at the Royal Melbourne Institute of Technology.

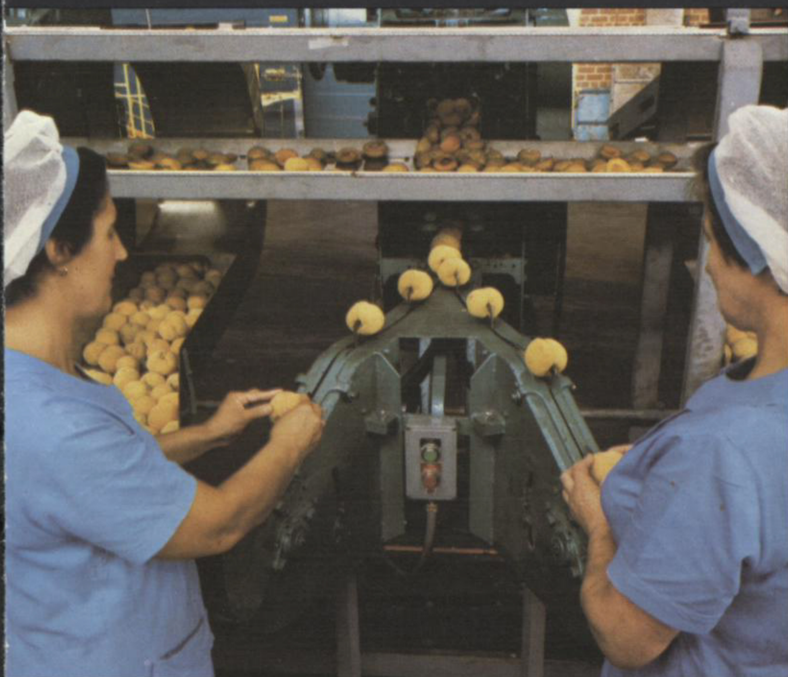
In the cultural area, Heinz-Australia again participated in the Dandenong Festival of Music and Art for Youth by sponsoring the Heinz Australian Youth Aria, with an award open to entrants aged 17 to 26. Many past finalists in this contest have gone on to successful careers with international opera companies.

Nichiro Heinz chefs in the Kurihama plant's experimental kitchen are among the finest in the world, usually trained abroad and coming up through a long apprenticeship.

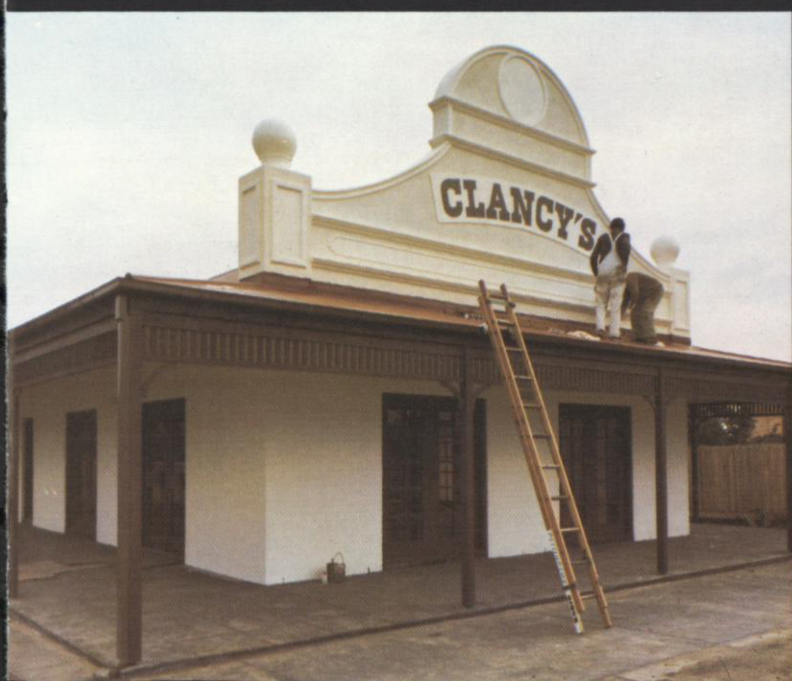
The Australian company moved forward on many fronts. Its "Heinz Baby Club" helped it retain its dominant position in baby foods, as reflected in supermarket displays. It installed new equipment, including a series of peach-pitting machines. It introduced a soft drink mix called "Frooty" to regain ground lost as a result of the cyclamate controversy. And it embarked on construction of a chain of "Clancy's" fast food restaurants to meet the demand for "take away" retail service.

A Venezuelan supermarket display capitalized on the prestige of the century-old Heinz tradition, with a model of a horse-drawn delivery vehicle used in the company's early days.


tempting
TREATS




vitamins A&C
FROSTY
no sugar needed
HEINZ


CLANCY'S


Heinz
OFERTA
Gillette
PICKLES.
H.J. HEINZ CO.

Europe

- H. J. Heinz Company Ltd. and subsidiaries (Great Britain)
- H. J. Heinz N.V. (The Netherlands)
- Industrias de Alimentacao Limitada (Portugal)
- Societa del Plasmon S.p.A. (Italy)
- European Economic Community Organization

Marketing

Heinz-Britain recorded sales gains despite pressures on the British economy. The company benefited from a combination of new product development, profit improvement programs, and intensive promotion relying heavily on advertising and a direct approach to the consumer.

Share-of-market leadership was retained in 12 major product lines. In 10 of these the share ranged from 50 percent to 90 percent. Heinz soups held 64 percent of the market at year end, a new high, while ketchup's share rose to a record 51 percent. The market share for infant foods remained approximately 90 percent.

Four new Toddler varieties for children aged 18 months and up were introduced to replace four junior food varieties. During the year these new products were selling at twice the rate of those they replaced.

Test market operations launched earlier by the New Product Development Division brought some notable successes as distribution widened. New dairy custard, the United Kingdom's first aseptically-canned product, reached a distribution level of 50 percent of the national market, as did rice pudding with cream. Other new products now in test markets include whole peeled tomatoes and canned beefburgers.

A new ketchup with chopped onions variety in a wide-mouth bottle and a new beans with baconburgers variety were introduced into two test markets and are expected to reach wider distribution during fiscal 1972.

Lines repositioned and repackaged during the year included spaghetti hoops, Pickerings pie fillings, Ideal Sauce, and Christmas puddings. An improved Christmas pudding recipe increased sales of this product fourfold compared with the previous year.

The catering (institutional food-service) market in Britain is growing rapidly, and our sales to this market are outpacing its growth—since 1967 company sales have risen more than five times as fast as the market. New varieties developed for the catering trade include a chilled salad line, new meat products, and a 92-ounce ketchup size developed because of the growing popularity of hamburgers in British restaurants.

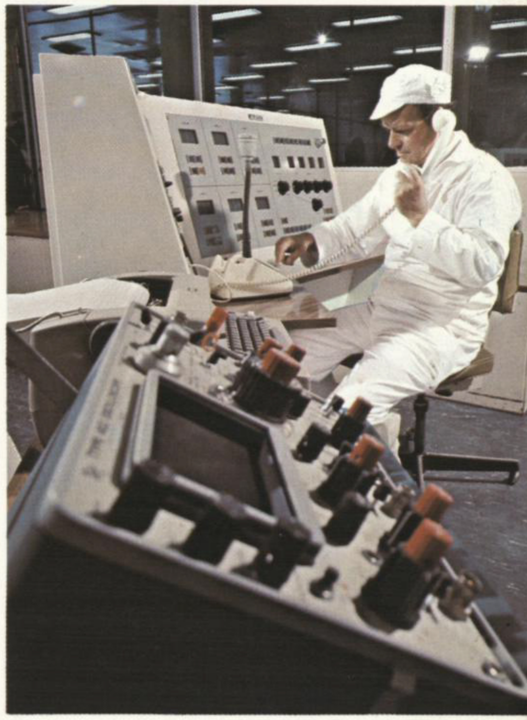
The retail fast food market's growth is, of course, a major reason for the fast growth of the catering market. At year end plans were well advanced by Heinz-Britain to open its first fast food outlet during fiscal 1972.

W. Darlington and Sons Ltd., acquired by the British company in fiscal 1970, reported a record year for mushroom spawn sales and made several major investments for continued growth and profitability. Pickerings Foods Ltd. reported satisfactory progress in its continued effort to integrate its earlier acquisitions into the Heinz organization.

Faced with accelerated inflation, national labor unrest and a government-instituted price freeze, the Dutch company nevertheless managed to improve its position in both the retail grocery and institutional foodservice markets. Grocery sales rose 23 percent, with individual products such as sandwich spread, ketchup, salads, beans and dessert sauces recording even greater gains. The average sales gain in the IFS market was nine percent, and the increase in ketchup sales was higher.

New products introduced during the year were two varieties of piquant sauces, two hot snack varieties, and two dessert sauces. A number of product lines were relabeled and repackaged

Plasmon's ultramodern Latina plant, in Italy's mezzogiorno, *completed its first full year of baby food production, helping the subsidiary to set new records in sales volume.*



The computer room at Heinz-Britain's Kitt Green plant is the heart of a materials handling system that processes up to 15,000 gallons of soup an hour automatically.

for greater eye appeal and consumer convenience.

In Portugal, results were limited by the second consecutive poor tomato harvest, which adversely affected the company's production and marketing of tomato puree, its chief product. The Portuguese market for the company's "Guloso" brand products continued to grow, however, and sales were up approximately 10 percent, with increased gains expected in fiscal 1972. Attractive new packaging and a reduced retail price are expected to stimulate sales of ketchup.

Sales of the Plasmon subsidiary in Italy set records as major product lines registered new highs in terms of volume of products sold. This achievement, in the face of economic uncertainty in Italy and increased competition, was made possible by stepped-up promotion, new product development, and the first full year of baby food production at the ultramodern Latina plant, south of Rome.

The Heinz European Economic Community Organization, established two years ago in Brussels to strengthen the company's marketing position within the E.E.C., reported considerable progress, due largely to successful entry into the German market. The Brussels organization continues to work for an expanded marketing base and to seek attractive new ventures within the Common Market.

Facilities

Heinz-Britain installed a computerized soup production system that turns out 15,000 gallons of soup an hour at Kitt Green. This automatic system, developed by the Heinz Research and Engineering Division in collaboration with Henry Simon Ltd., is an unparalleled breakthrough in food processing, and represents an investment of almost $1 million.

Other major investments in improved facilities during the year went to new bulk sugar handling equipment at Harlesden, new shrink-wrapping facilities at the Harlesden and Standish plants, and a new aseptic canning line at Coleraine, Northern Ireland that has facilitated our entry into the canned dessert market. The Coleraine plant also expanded and modernized its fresh milk storage system, which now has a capacity of up to 80,000 gallons.

Inauguration of fully-computerized inventory control is expected to permit savings in excess of $350,000 a year. A warehouse purchased in Edinburgh and adjacent new sales offices have enabled us to consolidate operations there and at Dundee, with considerable labor savings and improved efficiency.

The Dutch company put into operation two new production lines for major products, including soups, beans, salads, snacks, spaghetti and baby food. Also completed during the year were two shrink-wrapping installations, one for glass containers and one for cans, and improved facilities for ketchup production and labeling. The company's capacity for producing sandwich spread, its volume leader, was increased by 50 percent.

In Portugal, capital improvements included a new warehouse for the Benavente plant to increase storage capacity by 43,000 square feet, new sterilizing and peeling equipment for peeled tomatoes, and shrink-wrap packaging facilities for large size cans of tomato puree for export.

Agriculture

The British company opened up new and more economical sources of supply. For the first time, sugar was purchased in Holland and Czechoslovakia, at considerable savings, while tomato puree was obtained from Greece, Turkey and Morocco.

Advances in packaging techniques enabled Heinz-Britain to achieve significant raw product economies during the year. Shrink wrapping and containerized shipment of tomato puree from Portugal, an important supply source, lowered the cost of this key raw material. Experiments in containerized shipment indicated that large savings can be achieved in importing beans from North America.

An elaborate control panel facilitates milk processing at the Pickerings plant in Coleraine, Northern Ireland, which installed a new aseptic canning line for desserts and expanded its fresh milk storage system to a capacity of 80,000 gallons.

Kitt Green is one of several British installations that have won acclaim for Heinz by virtue of their architecture and landscaping.

A Heinz stand at the Horecava trade fair for restaurateurs in Amsterdam symbolized the Dutch company's growing strength.


BEURSAANBIEDING
Heinz soepen
Tomatensoep met balletjes
Erwtensoep met spek
Groentesoep met rundvlees
Heldere Kippesoep
Champignonsoep
Aspergesoep
kostprijs
nu 13 cent per kop
Heinz
of wel fl 1.30 per 1/1 blik
1x geconcentreerd
GROOTVERBRUIK
Heinz
SAUSEN
SOEPEN
NIEUW
Heinz
HOT SNACKS
GROOTVERPAKKING
AFD. GROOTVERBRUIK ELST GLD.

As part of an effort to develop new supply areas and eliminate seasonal supply and price fluctuations, experiments were conducted with pea bean plantings in Turkey, where Heinz agricultural experts have already helped establish an extensive tomato-growing industry. Developments in the United Kingdom included experiments with new asparagus planting techniques and tests to determine the suitability of bulk handling for the carrot crop.

Possibly for the first time anywhere in Europe, the Portuguese company undertook extensive tests on bulk handling of raw tomatoes. To spur development of major markets for Portuguese whole peeled tomatoes, the company also conducted experiments designed to create improved tomato varieties.

Public Service

Heinz-Britain has long enjoyed an excellent reputation for its concern with the environment. The Hayes Park headquarters has won both international praise and a Civic Trust award for outstanding architecture in a desirable setting. The Kitt Green and Harlesden plants are situated in landscaped grounds and serve as proof that industrial facilities can be attractive in appearance.

Continuing to display its concern for ecology, the company in fiscal 1971 established a committee to determine to what extent its operations might be affecting the environment. The committee found that no major environmental hazard exists. Minor waste problems were identified in certain areas, but these will be cleared up when local authorities improve existing sewage systems.

From the ecological standpoint, Plasmon's new plant at Latina, Italy may be the most advanced food manufacturing facility in Europe. A water purification system installed at a cost of more than $200,000 is being used to treat all water discharged from the plant, and a recycling system for water used for cooling purposes will reduce consumption of fresh water by 90 percent.

For the past 10 years Heinz-Britain's Home Cookery Service has worked to improve eating habits and nutritional standards throughout the country. The service offers teaching aids covering basic facts about nutrition and information on how to cook with convenience foods. It has provided some 10 million pieces of educational material, such as charts, films, display items, materials for demonstrations by gas and electric service representatives, and nutritional recipes for the women's pages of newspapers.

In Italy, Plasmon, whose products have been a factor in raising health standards among the young, sponsors service programs directed to youth. The programs have stimulated participation in the arts and in sports.

This year the company sponsored the "Silver Paintbrush" competition, conducted by the Maser National Psychographic Center, which seeks to stimulate interest in and appreciation for the role of art in education. This year's contest had as its theme "On Excursion With Plasmon Biscuits." Some 80,000 young people between the ages of 5 and 15 entered the contest, which was praised by the Italian press for its educational merit. (One of the entries appears on the cover of this Annual Report.)

In the field of sports, the Plasmon subsidiary sponsored the Italian Junior Ski Championship in collaboration with "Corriere dei Piccoli," a popular weekly for children from 6 to 14 years old. Plasmon provided technical assistance to the contestants, and Plasmon biscuits were the official food of the championship contest, in which approximately 2,000 youngsters participated.

The Dutch, they say, eat fabulous quantities of bread, which may help explain why our sandwich spread accounts for more than one-third of Heinz sales in the Netherlands.

In Portugal, old methods—picking by hand, the basket-on-head transportation system—are giving way to such modern techniques as bulk handling and shipment of raw tomatoes.

British youngsters lent their charm to a magazine advertisement for ketchup and a television commercial on behalf of "beanz."

Experts from Heinz-Britain furthered Turkey's role as a new source of tomato puree, cooperating in a five-year U.N. plan to instruct agricultural workers in planting, cultivation, fertilization, irrigation and harvesting.

Growing sheds at Darlington headquarters in Angmering, on the south coast of England, are part of a complex that includes the most modern mushroom spawn plant in the world.


DICHT · ZU · FERMEN
HEINZ
SANDWICH SPREAD
NETTO 340 GRAM
57 VARIETIES


HEINZ
TOMATO KETCHUP

BEANZ

H. J. Heinz Company and Consolidated Subsidiaries

Consolidated Balance Sheets

Assets	**Apr. 28, 1971**	Apr. 29, 1970
Current assets:		
Cash and short-term investments	**$ 48,637,375**	$ 37,560,827
Accounts and notes receivable:		
Trade	**109,631,559**	89,851,335
Sundry	**10,851,626**	10,455,660
	120,483,185	100,306,995
Inventories—at average cost or market, whichever lower:		
Finished goods	**213,888,960**	174,069,074
Work in process	**12,426,034**	13,154,673
Ingredient and packaging materials	**71,069,963**	68,335,369
	297,384,957	255,559,116
Prepaid insurance, supplies, taxes and sundry	**13,705,319**	12,469,359
Total current assets	**480,210,836**	405,896,297
Investments and other assets:		
Investments in and advances to partnerships (at approximate equity), unconsolidated subsidiaries and other companies (primarily at cost)	**5,681,348**	4,527,659
Advances and loans, less allowance for losses	**6,071,512**	3,570,325
Excess of investments in consolidated subsidiaries over net assets at acquisition	**10,832,315**	10,830,625
Miscellaneous other assets	**7,304,553**	8,309,263
	29,889,728	27,237,872
Property, plant and equipment—at cost (Note 3):		
Land	**12,889,793**	12,078,379
Buildings and leasehold improvements, less accumulated depreciation of $37,009,712 ($34,556,470 in 1970)	**93,254,399**	90,935,819
Equipment, boats and fixtures, less accumulated depreciation of $123,989,697 ($112,170,151 in 1970)	**133,454,541**	129,184,363
Lug boxes, baskets and pallets, less amortization	**4,274,846**	4,209,511
	243,873,579	236,408,072
	$753,974,143	$669,542,241

See accompanying notes to financial statements.

Liabilities and Shareholders' Equity

	Apr. 28, 1971	Apr. 29, 1970
Current liabilities:		
Notes payable and loans on open credit (including portion of long-term debt due within one year)	**$115,683,902**	$ 81,481,193
Accounts payable and accrued expenses	**97,833,276**	78,694,932
Federal and foreign income taxes	**25,441,104**	15,687,772
Total current liabilities	**238,958,282**	175,863,897
Long-term debt and other liabilities:		
Long-term debt (Note 2)	**91,978,517**	99,538,462
Liabilities under incentive profit sharing plans, less portion payable within one year	**9,555,702**	10,575,681
Deferred Federal and foreign income taxes (Note 3)	**9,621,641**	8,647,794
Future foreign taxes on income	**11,120,924**	10,107,431
Sundry	**6,783,390**	5,403,541
	129,060,174	134,272,909
Reserves applicable to international operations:		
For possible currency devaluations	**1,000,000**	1,000,000
For possible foreign currency translation losses (Note 1)	**1,749,655**	426,623
	2,749,655	1,426,623
Minority interests	**13,671,875**	14,409,090
Shareholders' equity:		
Cumulative preferred stock issuable in series:		
3.65% series (Note 4)	**3,289,300**	3,885,900
Second cumulative preferred stock, having an involuntary liquidation value of $100 per share or $2,493,400 based on shares outstanding ($10,851,100 in 1970), issuable in series:		
$3.50 first series (Note 4)	**128,927**	1,340,344
$3.50 second series (Notes 4 and 5)	**332,353**	667,110
Common stock (Notes 4 and 5)	**62,456,220**	60,082,870
Additional capital	**55,841,738**	53,141,345
Retained earnings (Note 2)	**247,485,619**	224,452,153
	369,534,157	343,569,722
	$753,974,143	$669,542,241

H. J. Heinz Company and Consolidated Subsidiaries

Statements of Consolidated Income

	Fiscal year ended Apr. 28, 1971 (52 Weeks)	Apr. 29, 1970 (52 Weeks)
Net sales	**$989,734,637**	$881,171,129
Cost of products sold	**629,632,423**	565,767,557
Gross profit	**360,102,214**	315,403,572
Selling, general and administrative expenses, including provision for management incentive plan of $2,490,300 ($1,880,870 in 1970)	**285,631,434**	249,557,572
Operating profit, after provision for depreciation of $19,033,256 ($17,466,780 in 1970) (Note 3)	**74,470,780**	65,846,000
Other income, net	**2,814,769**	2,721,517
	77,285,549	68,567,517
Interest and amortization of debt discount and expense	**12,348,904**	13,481,850
	64,936,645	55,085,667
Provision for Federal and foreign taxes on income (Note 3)	**26,815,581**	21,599,083
	38,121,064	33,486,584
Deduct Income applicable to minority interests	**453,005**	915,746
Net income	**$ 37,668,059**	$ 32,570,838
Net income per common share (Note 7):		
Based on average shares outstanding	**$2.53**	$2.41
Assuming full dilution	**$2.50**	$2.33

See accompanying notes to financial statements.

H. J. Heinz Company and Consolidated Subsidiaries

Statements of Consolidated Additional Capital and Retained Earnings

	Fiscal year ended Apr. 28, 1971	Apr. 29, 1970
Additional Capital		
Amount at beginning of year	**$ 53,141,345**	$ 13,247,181
Excess of par value of common stock issued over par value of common stock of "pooled" company received in exchange therefor (Note 1)	**(56,017)**	—
Amount at beginning of year, as adjusted	**53,085,328**	13,247,181
Excess of:		
Option price over par value of common shares issued under employees' incentive stock option plan (Note 5)	**1,482,524**	1,437,795
Par value over cost of preference stock retired (British subsidiary)	**55,876**	64,807
Par value of preferred shares over par value of common shares issued in exchange therefor	**48,372**	66,772
Par value over cost of cumulative preferred stock retired	**278,594**	259,780
Offering price over par value of 1,500,000 common shares issued, net of related expenses	**—**	37,879,807
Market value over par value of common shares issued to management incentive plan participants	**50,510**	189,617
Warrant price over par value of stock issued therefor (Note 5)	**822,462**	—
Other	**18,072**	(4,414)
Amount at end of year	**$ 55,841,738**	$ 53,141,345
Retained Earnings		
Amount at beginning of year	**$224,452,153**	$204,089,470
Retained earnings of "pooled" company (Note 1)	**147,042**	—
Amount at beginning of year, as adjusted	**224,599,195**	204,089,470
Add Net income for the year	**37,668,059**	32,570,838
	262,267,254	236,660,308
Deduct Dividends paid:		
On preferred stock:		
3.65% series	**130,014**	154,723
$3.50 series	**184,084**	480,051
	314,098	634,774
On common stock	**14,467,537**	11,573,381
	14,781,635	12,208,155
Amount at end of year	**$247,485,619**	$224,452,153

See accompanying notes to financial statements.

H. J. Heinz Company and Consolidated Subsidiaries

Statements of Changes in Financial Position

	Fiscal year ended Apr. 28, 1971	Apr. 29, 1970
Funds provided:		
Net income	**$37,668,059**	$32,570,838
Add Charges to income not requiring funds:		
Depreciation	**19,033,256**	17,466,780
Provision for deferred income taxes	**1,522,778**	2,324,478
Amortization	**1,406,746**	939,384
Income applicable to minority interests	**453,005**	915,746
Other	**2,450,731**	1,116,500
Funds derived from operations	**62,534,575**	55,333,726
Long-term borrowings	—	5,130,555
Issuance of 1,500,000 shares of common stock, net of related expenses	—	44,129,807
Exercise of stock purchase warrant	**1,260,905**	—
	63,795,480	104,594,088
Funds used:		
Additions to plant and equipment	**30,994,605**	41,910,175
Less Retirements and disposals	**2,964,769**	5,118,023
	28,029,836	36,792,152
Amortization of long-term debt	**7,559,945**	6,332,218
Dividends paid	**14,781,635**	12,208,155
Other items, net	**2,203,910**	2,960,384
	52,575,326	58,292,909
Increase in working capital	**$11,220,154**	$46,301,179
Changes in working capital:		
Increase in current assets:		
Cash and short-term investments	**$11,076,548**	$14,531,816
Accounts and notes receivable	**20,176,190**	13,240,413
Inventories	**41,825,841**	14,328,592
Prepaid expenses	**1,235,960**	2,820,564
	74,314,539	44,921,385
Increase (Decrease) in current liabilities:		
Notes payable and loans on open credit	**34,202,709**	(10,632,878)
Accounts payable and accrued expenses	**19,138,344**	8,909,298
Federal and foreign income taxes	**9,753,332**	343,786
	63,094,385	(1,379,794)
Increase in working capital	**$11,220,154**	$46,301,179

See accompanying notes to financial statements.

(1) Principles of consolidation:

The consolidated financial statements include the accounts of the Company and all significant domestic and foreign subsidiaries. Consolidated net assets were in companies located as follows:

	Apr. 28, 1971	Apr. 29, 1970
Western Hemisphere:		
United States and its possessions	$207,595,424	$188,389,236
Other	43,005,546	43,815,328
	250,600,970	232,204,564
Eastern Hemisphere:		
British Commonwealth	90,299,574	86,190,056
Other	28,633,613	25,175,102
	118,933,187	111,365,158
	$369,534,157	$343,569,722

Accounts of foreign subsidiaries have been translated at appropriate exchange rates. Realization in U. S. dollars of assets located outside the United States is limited in certain instances by currency and other restrictions. No provision has been made for U. S. or foreign income taxes which may become payable when earnings of foreign subsidiaries are remitted as dividends; as to those subsidiaries where it is contemplated that earnings will be remitted, the credit for foreign taxes already paid generally offsets applicable U. S. income taxes. Operating accounts were translated at average rates of exchange prevailing during the fiscal years. Net unrealized gain on foreign exchange in the amount of $1,323,032 for fiscal 1971 ($228,538 for 1970) has been credited to the reserve for possible foreign currency translation losses. Of the consolidated net income for fiscal 1971, $16,725,979 ($15,196,295 in 1970) originated from subsidiaries located outside the United States and its possessions; dividends received by the Company from such subsidiaries during fiscal 1971 aggregated $8,908,192 ($10,706,381 in 1970).

During fiscal 1971, the Company acquired all of the outstanding shares of a small dry pet food company in exchange for 37,444 shares of its common stock. The acquisition has been accounted for as a pooling of interests; however, the preceding year's financial statements have not been restated since the effect is immaterial.

(2) Long-term debt:

Details of long-term debt at April 28, 1971 and April 29, 1970 follow:

	Interest per cent	Maturity (fiscal year)	1971	1970
Company:				
Promissory notes	4½%	1972-74	$ 13,000,000	$ 15,000,000
Promissory notes	5¼	1972-84	13,000,000	14,000,000
Promissory notes	6⅝	1979-93	40,000,000	40,000,000
Mortgages	6	1972-75	516,767	710,787
			$ 66,516,767	$ 69,710,787
Subsidiaries:				
Promissory notes:				
Australia	4¼%	1972-76	$ 6,024,083	$ 6,285,471
Canada	4½	1972-74	2,250,000	2,625,000
England	to 9	1972-76	2,753,514	4,465,924
Italy	to 4	1974-84	5,644,800	3,299,360
Mexico	to 6	1972-76	3,015,000	4,235,000
Other	to 9	1972-76	1,065,882	1,791,439
Debentures—				
England	to 6	1972-85	8,241,011	8,564,327
Mortgages and contracts:				
Domestic	to 6½	1972-2001	6,733,123	7,448,083
Other	to 9	1977-80	526,200	526,200
			36,253,613	39,240,804
Total long-term debt			102,770,380	108,951,591
Less Portion due within one year:				
Company			5,149,436	3,194,020
Subsidiaries			5,642,427	6,219,109
			10,791,863	9,413,129
			$ 91,978,517	$ 99,538,462

Among other restrictions, the agreements relating to the promissory notes of the Company contain provisions against the payment of dividends by the Company upon its common stock (otherwise than in its common stock) if such dividends, together with purchases, payments into the sinking fund and dividends on its presently authorized preferred stock and amounts expended by the Company or any subsidiary for purchase, redemption, retirement or other acquisition of any class of the Company's stock, since May 3, 1967, would exceed the total of the net proceeds to the Company for issues of shares of stock, plus $18,000,000, plus the consolidated net income since May 3, 1967. At April 28, 1971 and April 29, 1970, retained earnings of $140,000,000 and $116,000,000, respectively, were not thereby restricted.

(3) Depreciation and deferred income taxes:

For financial statement purposes depreciation of property, plant, and equipment is provided generally on the straight line basis, whereas for income tax purposes certain equipment is depreciated under accelerated methods. Income taxes applicable to the excess of depreciation used for tax purposes over that provided for financial statement purposes and other differences between taxable income and that reported for financial statement purposes amounted to $1,522,778 and $2,324,478 in fiscal 1971 and 1970, respectively, and are included in deferred Federal and foreign income taxes in the balance sheets.

(4) Capital stock:

The number of shares authorized, outstanding, issued, retired, or converted, and the par values are as follows:

	Preferred stocks			
		Second cumulative preferred		
	Cumulative preferred, 3.65% series, $100 par	$3.50 First series, $18.50 par	$3.50 Second series, $18.50 par	Common stock, $4.16⅔ par
Authorized as of:				
April 29, 1970	38,859	72,451	44,997	20,000,000
April 28, 1971	32,893	6,969	17,965	20,000,000
Outstanding, issued, retired, or converted:				
Year ended April 29, 1970:				
Outstanding at beginning	44,382	97,693	72,714	12,571,862
Reacquired and retired	(5,523)	—	—	—
Converted to common stock	—	(25,242)	(36,654)	—
Issued:				
For second cumulative preferred stock:				
$3.50 First series	—	—	—	112,177
$3.50 Second series	—	—	—	146,616
On exercise of stock options	—	—	—	83,200
To public	—	—	—	1,500,000
Under management incentive plan	—	—	—	6,034
Outstanding at end	38,859	72,451	36,060	14,419,889
Year ended April 28, 1971:				
Outstanding at beginning	38,859	72,451	36,060	14,419,889
Reacquired and retired	(5,966)	—	—	—
Converted to common stock	—	(65,482)	(27,032)	—
Issued:				
For second cumulative preferred stock:				
$3.50 First series	—	—	—	291,025
$3.50 Second series	—	—	—	108,128
On exercise of stock options	—	—	—	65,810
Under management incentive plan	—	—	—	1,651
In exchange for shares of "pooled" company	—	—	—	37,444
On exercise of warrant	—	—	8,937	65,546
Outstanding at end	32,893	6,969	17,965	14,989,493

The 3.65% series cumulative preferred stock is callable or redeemable through the sinking fund at $102.75 per share. A payment, not exceeding $200,000, is required to be made to the sinking fund on or before October 1 of each year.

The $3.50 first series second cumulative preferred stock is convertible into common stock at any time prior to June 1, 1973 at an initial conversion rate of 200/45 shares of common stock and may be redeemed by the Company to May 31, 1971 at $101.00 per share and at $100.00 per share thereafter. On or before August 1, 1973, and on or before each August 1 thereafter, so long as any shares of this series are outstanding, the Company (as and for an annual sinking fund) shall retire through redemption, purchase or otherwise, shares of this series equal to 2% of the total number of shares outstanding at the close of business on June 1, 1973. Cumulative arrearages as to such retirements are permissible in the event that consolidated net income, less certain deductions, is less than the amount necessary to pay in full all requirements to retire shares of all series of the second cumulative preferred stock.

The $3.50 second series second cumulative preferred stock is convertible into common stock at any time prior to February 1, 1976 at an initial conversion rate of four shares of common stock and may be redeemed by the Company through January 31, 1972 at $102.50 per share and at decreasing prices thereafter. On or before April 1, 1976, and on or before each April 1 thereafter, so long as any shares of this series are outstanding, the Company (as and for an annual sinking fund) shall retire through redemption, purchase or otherwise, shares of this series equal to 2% of the total number of shares outstanding at the close of business on February 1, 1976. Cumulative arrearages as to such retirements are permissible to the same extent as that enumerated above regarding the $3.50 first series second cumulative preferred stock.

At April 28, 1971 and April 29, 1970, there were authorized, but unissued, 100,000 shares of cumulative preferred stock for which the series has not been designated, 1,755 shares of second cumulative preferred stock for which the series has not been designated, and 250,000 shares of third cumulative preferred stock having a par value of $100.00 per share.

At April 28, 1971, 526,823 (757,338 at April 29, 1970) shares of common stock were reserved for conversion of second cumulative preferred stock outstanding and for outstanding options or for the granting of options under the employees' stock option plans.

(5) Employees' stock option plans and stock purchase warrant:

On September 9, 1970, the 1970 Stock Option Plan (1970 Plan) was approved by the shareholders which permits the granting of options to purchase a maximum of 300,000 shares of common stock of the Company at not less than the fair market value at the time the options are granted for qualified options and non-qualified options to purchase unrestricted shares, and at not less than the fair value (determined by the Executive Compensation Committee) at the time options are granted for non-qualified options to purchase restricted shares. The Committee determines the period during which options are exercisable which may not exceed five years (for qualified options) or ten years (for non-qualified options) from the date of grant. No options may be granted after the expiration date of the Plan, June 9, 1980.

The qualified employees' incentive stock option plan (Plan No. 2), adopted in 1965, permits the granting of options on shares of common stock of the Company at not less than the fair market value at the time the options are granted. The options are exercisable at any time within five years from the date of grant but no later than July 9, 1975, the expiration date of the plan.

The original employees' incentive stock option plan (Plan No. 1), adopted in 1960 and amended in 1964, expired on March 11, 1970. This plan permitted the granting of options on shares of common stock of the Company at not less than fair market value at date of grant.

Data regarding options granted, exercised and expired and shares reserved for additional grants follow:

	1970 Plan		Plan No. 2		Plan No. 1	
	Shares	Average prices	Shares	Average prices	Shares	Average prices
For the year ended April 29, 1970:						
Shares under option at beginning	—	—	99,200	$26.96	96,400	$21.63
Options granted	—	—	32,300	$31.82	—	—
Options exercised	—	—	(3,400)	$22.52	(79,800)	$21.40
Options expired	—	—	—	—	(16,600)	$22.70
Shares under option at end	—	—	128,100	$28.30	—	—
Shares reserved for granting additional options	—	—	61,700	—	—	—
For the year ended April 28, 1971:						
Shares under option at beginning	—	—	128,100	$28.30	—	—
Options granted	1,000	$31.75	14,000	$31.57	—	—
Options exercised	—	—	(65,810)	$26.69	—	—
Shares under option at end	1,000	$31.75	76,290	$30.29	—	—
Shares reserved for granting of additional options	299,000	—	47,700	—	—	—

A stock purchase warrant, assumed by the Company in the acquisition of a subsidiary, providing for the purchase by the warrant holder of 65,546 shares of common stock and 8,937 shares of $3.50 second series second cumulative preferred stock of the Company at an aggregate price of $1,260,905 was exercised during fiscal 1971.

(6) Retirement systems:

The Company and its domestic and foreign subsidiaries have several pension plans covering substantially all employees. The total pension expense for fiscal 1971 was $5,543,759 ($4,012,867 in 1970) which includes, as to certain plans, amortization of prior service costs over varying periods not exceeding forty years. It is the policy of the Company and its subsidiaries to fund pension costs as accrued.

(7) Net income per share:

Net income per common share has been computed by dividing net income applicable to common stock by 14,777,214 (13,252,859 in 1970) which represents the weighted average number of shares of common stock outstanding during the respective years. Net income per common share, assuming full dilution, has been determined on the assumption that the second cumulative preferred stock outstanding during each year had been converted into common shares at the beginning of each year and the related dividends eliminated, and that stock options and, in 1970 the stock purchase warrant, have been exercised and the proceeds used to reacquire common stock.

Net income per common share for 1970 would have been $2.34 if the sale of 1,500,000 common shares had taken place on May 1, 1969 and the proceeds used to retire short-term debt.

(8) Other matters:

Certain claims filed against the Company and certain of its subsidiaries have not been finally adjudicated. In the opinion of management, such claims, when finally determined, will have no material adverse effect on the consolidated financial statements.

Contracts and purchase orders approximating $6,500,000 at April 28, 1971 ($12,000,000 in 1970) have been executed in connection with plant construction.

Accountants' Report

The Shareholders
H. J. Heinz Company:

We have examined the consolidated balance sheets of H. J. Heinz Company and consolidated subsidiaries as of April 28, 1971 and April 29, 1970 and the related statements of income, additional capital, retained earnings and changes in financial position for the respective fiscal years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of certain subsidiaries, which are included in the consolidated statements, were examined by other independent public accountants whose reports have been furnished to us. Net assets and net sales of such subsidiaries constitute approximately 22% and 23% (23% and 24% in 1970), respectively, of the related consolidated figures.

In our opinion, based on our examination and the aforementioned reports of other independent public accountants, the above mentioned financial statements present fairly the financial position of H. J. Heinz Company and consolidated subsidiaries as of April 28, 1971 and April 29, 1970 and the results of their operations and changes in financial position for the respective fiscal years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

Henry W. Oliver Building
Pittsburgh, Pa. 15222
June 24, 1971

10-Year Financial Summary

In Thousands of Dollars Except Per Share Data

Fiscal Year	**1971**	1970	1969	1968
Net Sales	**$989,735**	$881,171	$790,146	$734,365
Income before Taxes	**64,937**	55,086	47,541	45,254
Taxes on Income	**26,816**	21,599	18,368	18,969
Income before Extraordinary Items	**37,668**	32,571	28,417	25,274
Extraordinary Items	**—**	—	59	(1,910)
Net Income	**37,668**	32,571	28,476	23,364
Dividends Paid:				
Preferred	**314**	635	1,187	1,512
Common	**14,468**	11,573	9,506	7,718
Retained Earnings	**22,886**	20,363	17,783	14,134
Additions to Plant and Equipment	**30,995**	41,910	31,168	28,884
Depreciation	**19,033**	17,467	15,658	14,817
Net Plant and Equipment	**243,874**	236,408	218,130	205,677
Working Capital	**241,253**	230,032	183,731	181,147
Long-Term Debt	**91,979**	99,538	101,045	103,083
Shareholders' Equity	**369,534**	343,570	277,310	255,392
Per Share of Common Stock (4)				
Income before Extraordinary Items	**2.53**	2.41	2.28	2.07
Extraordinary Items	**—**	—	.01	(.16)
Net Income	**2.53**	2.41	2.29	1.91
Income, Assuming Full Dilution (5)				
Income before Extraordinary Items	**2.50**	2.33	2.13	1.90
Extraordinary Items	**—**	—	—	(.14)
Net Income	**2.50**	2.33	2.13	1.76
Dividends	**.98**	.88	.79½	.67½
Retained Earnings	**1.55**	1.53	1.49½	1.23½
Book Value (6)	**24.27**	22.80	20.35	18.53
Average Common Shares Outstanding (7)	**14,777,214**	13,252,859	11,930,741	11,487,092
Number of Common Shareholders	**11,133**	11,047	9,853	9,813
Price of Common Shares				
High	**45.1250**	39.0000	36.0000	25.3750
Low	**28.7500**	28.2500	23.5000	17.0625

(1) 1965 and 1966 figures include, on pooling of interest basis, Ore-Ida Foods, Inc., acquired in October, 1965.

(2) Includes $454,526 paid to former owners of Ore-Ida Foods, Inc.

(3) Includes $623,467 stock and $147,639 cash paid to former owners of Ore-Ida Foods, Inc.

(4) Adjustments have been made for prior years to give effect to the 2-for-1 stock split in February, 1969.

(5) Based on the assumption that all second cumulative preferred stock outstanding at the beginning of each year had been converted into common stock at the beginning of each year and that the weighted average number of common shares resulting from conversions during the period (included in the weighted average number of shares outstanding at the end of the period) and related dividends on such preferred stock have been eliminated. It is further assumed that the stock options and stock purchase warrant exercisable at the end of each period had been exercised and that the proceeds therefrom were utilized to reacquire common stock at a price equal to the higher of the market price at each period end or the average for such period.

(6) After deducting $100 per share for second cumulative preferred stock outstanding, representing the involuntary liquidation price.

(7) Shares outstanding at year end for 1968 and prior years, adjusted for stock splits.

1967	1966 (1)	1965 (1)	1964	1963	1962
$690,863	$620,263	$556,267	$488,211	$464,215	$375,810
37,031	35,393	34,711	28,751	25,701	32,644
14,476	13,998	14,370	13,137	12,551	17,645
21,530	20,304	19,219	14,549	12,364	14,166
—	—	—	—	—	—
21,530	20,304	19,219	14,549	12,364	14,166
1,535	1,362	1,229	1,158	237	238
6,839	7,062 (2)	6,073 (3)	5,276	5,256	5,209
13,156	11,880	11,917	8,115	6,871	8,719
31,887	25,549	25,461	20,509	16,135	12,850
13,646	12,947	10,521	9,179	7,925	6,574
198,157	181,738	172,639	145,552	130,826	118,124
140,680	144,000	144,790	137,564	130,590	119,713
69,594	70,534	75,194	68,073	51,597	49,285
240,549	227,333	216,441	193,687	184,876	158,996
1.76	1.65	1.55	1.27	1.15	1.33
—	—	—	—	—	—
1.76	1.65	1.55	1.27	1.15	1.33
1.63	1.53	1.45	1.21	1.03	1.32
—	—	—	—	—	—
1.63	1.53	1.45	1.21	1.03	1.32
.60	.60	.50	.50	.50	.50
1.16	1.05	1.05	.77	.65	.83
17.27	16.12	15.06	15.02	14.24	14.52
11,402,438	11,397,738	11,384,220	10,572,592	10,516,260	10,502,260
10,767	10,658	8,156	6,983	6,406	6,401
20.5625	24.6875	27.2500	25.3125	26.9375	36.3750
13.8750	19.3125	18.0625	18.1250	17.0000	26.1250

World Locations

World Headquarters

P. O. Box 57
Pittsburgh, Pa. 15230

North America

Heinz U.S.A. Division
Pittsburgh, Pa.
J. Richard Grieb, President

Factories:
Salem, N. J.
Chambersburg, Pa.
Pittsburgh, Pa.
Winchester, Va.
Fremont, Ohio
Bowling Green, Ohio
Holland, Mich.
Lakeview, Mich.
Muscatine, Iowa
Tracy, Calif.
Stockton, Calif.

Star-Kist Foods, Inc.
Terminal Island, Calif.

Wholly-owned subsidiary;
acquired in 1963.
Joseph J. Bogdanovich, President

Factories:
Terminal Island, Calif.
Ilo, Peru
Coishco, Peru
Pago Pago, American Samoa
Mayaguez, Puerto Rico

Cold Storage Stations:
Senegal
Ghana
Liberia
Republic of the Congo
Paita, Peru

Ore-Ida Foods, Inc.
Boise, Idaho

Wholly-owned subsidiary;
acquired in 1965.
Robert K. Pedersen, President

Factories:
Ontario, Ore.
Burley, Ida.
Greenville, Mich.

H. J. Heinz Company of Canada Ltd.
Toronto, Ontario

Wholly-owned subsidiary;
established in 1909.
Albert Forsyth, President

Factory:
Leamington, Ont.

Latin America and Pacific

H. J. Heinz Company Australia Ltd
Dandenong, Victoria

Wholly-owned subsidiary;
established in 1935.
Fred V. Kellow, Managing Director

Factory:
Dandenong, Victoria

Alimentos Heinz C.A.
Valencia, Carabobo, Venezuela

100% Heinz owned;
established in 1959.
John Johnson, President

Factory:
San Joaquin, Carabobo

Alimentos Heinz Argentina, S.A.C.I.y A.
Caseros 1380
Buenos Aires, Argentina

Established in 1970.
Richard D. Veneman, General Manager

Nichiro Heinz Company Ltd.
Tokyo, Japan

80% Heinz owned;
established in 1961.
Kazuo Asai, President

Factory:
Kurihama

Heinz Alimentos S.A. de C.V.
Mexico City, Mexico

80% Heinz owned; acquired in 1963.
Gerald K. Warner, President

Factories:
Salamanca, Guanajuato
Los Robles, Veracruz
Loma Bonita, Oaxaca
Los Mochis, Sinaloa

Europe

H. J. Heinz Company Ltd.
Hayes, Middlesex, England

91.17% Heinz owned;
established in 1905.
Anthony de la P. Beresford, Vice Chairman
Anthony J. F. O'Reilly, Managing Director

Factories:
Harlesden (London)
Kitt Green
Standish

W. Darlington and Sons (Holdings) Ltd.
Rustington, Sussex

Acquired in 1969.
Robert G. Darlington, Managing Director

Farms:
Rustington
Horley

Pickerings Foods Ltd.
Hayes, Middlesex
George Popham, Managing Director

Management control of factories at:
Didcot, Berks
(The Samor Pure Foods Ltd.)
Halnaker, Chichester
(J. G. Read Poultry Ltd.)
Wellingborough, Northamptonshire
(Moss Waltham & Co. Ltd.)
Shrewsbury, Shropshire
(Moss Waltham & Co. Ltd.)
Coleraine, Northern Ireland
(Pickerings Foods Ltd.)

Heinz-Erin Ltd.
Dublin, Ireland

Jointly owned with Erin Foods Ltd.;
established in 1967.
Charles F. Lowe
Brendan G. Doyle
Managing Directors

H. J. Heinz A/S
Copenhagen, Denmark

Established in 1969 to market
Heinz products in Denmark.
Dennis F. J. Shattock, Chairman

H. J. Heinz Company S.A./N.V.
Area Management (Benelux, France,
Germany)
Boulevard du Souverain, 213
1160 Brussels, Belgium
Dr. Nicolo Pellizzari, Area Manager, EEC

H. J. Heinz N.V.
Elst, Gelderland, The Netherlands

Wholly-owned subsidiary;
acquired in 1958.
Dr. Nicolo Pellizzari
Acting Managing Director

Factory:
Elst, Gelderland

H. J. Heinz Company (Belgium) S.A./N.V.
Brussels, Belgium
Dr. Nicolo Pellizzari
Acting Managing Director

H. J. Heinz GmbH
Schadowstr. 84
4 Düsseldorf, Germany
Dr. Nicolo Pellizzari, Area Manager, EEC

Industrias de Alimentacao Limitada
Lisbon, Portugal

70% owned by H. J. Heinz N.V.,
The Netherlands; acquired in 1965.
Jorge Giralt, General Manager

Factories:
Vila Franca de Xira
Benavente

Societa del Plasmon S.p.A.
Milan, Italy

Wholly-owned subsidiary;
acquired in 1963.
Dr. Aldo Tartarelli, Managing Director

Factory:
Milan

Societa del Plasmon, Sud., S.p.A.
Latina, Italy
Dr. Aldo Tartarelli, Managing Director

Factory:
Latina

Officers and Directors

Heinz

Board of Directors

Henry J. Heinz II
Chairman

R. Burt Gookin
President
and Chief Executive Officer

Junius F. Allen
Senior Vice President—Europe

Joseph J. Bogdanovich
President, Star-Kist Foods, Inc.

John A. Connell
Senior Vice President—North America

John E. Crossen
Senior Vice President—Latin America
and Pacific

Vira I. Heinz
Civic Leader and Trustee,
Howard Heinz Endowment

Ralph W. Hunter
Senior Vice President and
Secretary

Lewis A. Lapham
President, Bankers Trust
New York Corporation
New York, New York

John A. Mayer
Chairman of the Board
Mellon National Bank and Trust Company
Pittsburgh, Pennsylvania

Donald C McVay
Senior Vice President—
Corporate Development

William D. Mewhort
Senior Vice President—Finance

John T. Ryan, Jr.
Chairman of the Board
Mine Safety Appliances Company
Pittsburgh, Pennsylvania

William P. Snyder III
President, The Shenango Furnace Company
Pittsburgh, Pennsylvania

Officers

Henry J. Heinz II*
Chairman of the Board

R. Burt Gookin*
President and Chief Executive Officer

Junius F. Allen*
Senior Vice President—Europe

Frank M. Brettholle
Vice President and
Corporate Controller

John A. Connell*
Senior Vice President—North America

John E. Crossen*
Senior Vice President—Latin America
and Pacific

Ralph W. Hunter
Senior Vice President and
Secretary

Donald C McVay*
Senior Vice President—
Corporate Development

William D. Mewhort*
Senior Vice President—Finance

S. Donald Wiley
Vice President and
General Counsel

Richard M. Wilson
Treasurer

*Member of the Executive Committee

Registrars

Morgan Guaranty Trust Company of
New York, New York

Pittsburgh National Bank
Pittsburgh, Pennsylvania

Transfer Agents

First National City Bank
New York, New York

Mellon National Bank and Trust Company
Pittsburgh, Pennsylvania

Dividend Disbursing Agent

Mellon National Bank and Trust Company
Pittsburgh, Pennsylvania

Auditors

Peat, Marwick, Mitchell & Co.
Pittsburgh, Pennsylvania

Stock Listing

New York Stock Exchange
Ticker Symbol HNZ

Foreground: *Mr. Gookin, Mr. Heinz.*

Seated: *Mr. Crossen, Mr. McVay,*
Mrs. Heinz, Mr. Mayer, Mr. Ryan.

Standing: *Mr. Bogdanovich, Mr. Hunter,*
Mr. Allen, Mr. Lapham, Mr. Connell,
Mr. Mewhort, Mr. Snyder.

The scene: *reception room, Heinz*
World Headquarters, Pittsburgh.

Background: *"Composition Concrete,"*
by Stuart Davis.

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